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OF COUNSEL  
URBAN A. LESTER

20526-A  
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January 30, 1997

Mr. Vernon A. Williams  
Secretary  
Surface Transportation Board  
Washington, D.C. 20423

Dear Mr. Williams:

Enclosed for recordation pursuant to the provisions of 49 U.S.C. Section 11301(a), are two (2) copies each of a Loan and Security Agreement, dated as of January 28, 1997, a primary document as defined in the Board's Rules for the Recordation of Documents, and Supplemental Security Agreement No. One, dated January 28, 1997, a secondary document related thereto

The names and addresses of the parties to the enclosed documents are:

Lender: MetLife Capital Corporation  
10900 NE 4th Street, Suite 500  
Bellevue, Washington 98004

Borrowers: WATCO, Inc  
Inman Service Company, Inc  
Titan Rail Services, Inc  
315 West Third Street  
Pittsburg, Kansas 66762

A description of the railroad equipment covered by the enclosed documents is set forth on Exhibit A attached to the Supplemental Security Agreement.

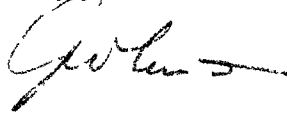
Counterparts -  
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Mr. Vernon A. Williams  
January 30, 1997  
Page 2

Also enclosed is a check in the amount of \$44.00 payable to the order of the Surface Transportation Board covering the required recordation fees.

Kindly return stamped copies of the enclosed documents to the undersigned.

Very truly yours,

A handwritten signature in dark ink, appearing to read 'Robert W. Alvord', with a stylized flourish at the end.

Robert W Alvord

RWA/bg  
Enclosures

JAN 30 1997 1 20 PM

SUPPLEMENTAL SECURITY AGREEMENT NO. ONE  
LOAN #2001697-001

This Supplemental Security Agreement is executed by **WATCO, Inc., Co-Borrower and Inman Service Company, Inc., Co-Borrower, Titan Rail Services, Inc., Co-Borrower** ("Borrower") pursuant to the terms of a Loan and Security Agreement dated 1/28/1997 between Borrower and MetLife Capital Corporation ("Lender"). All capitalized terms used herein that are not otherwise defined herein shall have the respective meanings given to such terms in the Loan and Security Agreement

In order to provide security for the payment and performance of Borrower's obligations under the Loan Documents, Borrower has granted to Lender a first priority security interest in the Collateral. In addition to said grant, Borrower intends by this Supplemental Security Agreement to grant to Lender a first priority security interest in the items of Equipment identified herein

1 To further secure the payment and performance of all of Borrower's obligations to lender under the Loan Documents, Borrower hereby grants to Lender a first priority security interest in the items of Collateral described below, including all present and future additions, attachments and accessories thereto, all substitutions therefor and replacements thereof and all proceeds thereof, including all proceeds of insurance

Qty.	Model/Mfr.	Description	Serial No.	Cost or Appraised Value
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See the attached exhibit "A" of railcars, herein incorporated by this reference

TOTAL	\$240,000.00
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2 Borrower hereby (a) affirms that the representations and warranties set forth in Section 5 of the Loan and Security Agreement are true and correct as of the date hereof, (b) represents and warrants that Lender has a first priority security interest in the Collateral, and (c) represents and warrants that the above described equipment will be maintained at the following location(s):

2150 East Cargo Street  
Pasco, WA 99301

3 The Loan Amount for loans to be made pursuant to this Supplemental Security Agreement is **\$240,000.00**

4 The Commitment Expiration Date for loans to be made pursuant to this Supplemental Security Agreement is **February 28, 1997**.

5 The amount of liability insurance required to be maintained by Borrower pursuant to Section 6(d) of the Loan and Security Agreement is **\$2,000,000.00**.

6 All of the terms and provisions of the Loan and Security Agreement are hereby incorporated in and made a part of this Supplemental Security Agreement to the same extent as if fully set forth herein

In witness whereof, Borrower has executed and delivered this Supplemental Security Agreement this 28th day of January, 1997

Borrower	<u>Titan Rail Services, Inc., Co-Borrower</u>	Borrower	<u>WATCO, Inc., Co-Borrower</u>
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By	<u><i>Donald D. Oreder</i></u>	By	<u><i>Charles R. Webb</i></u>
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(Print Name)	<u>CFO, Donald D. Oreder</u>	(Print Name)	<u>Charles R. Webb</u>
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Title	<u>CFO</u>	Title	<u>President</u>
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Borrower	<u>Inman Service Company, Inc., Co-Borrower</u>
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By	<u><i>Donald D. Oreder</i></u>
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(Print Name)	<u>Donald D. Oreder</u>
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Title	<u>Controller</u>
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THIS EXHIBIT 'A' IS ATTACHED TO AND MADE A PART OF THAT CERTAIN  
SUPPLEMENTAL SECURITY AGREEMENT #2001697-001

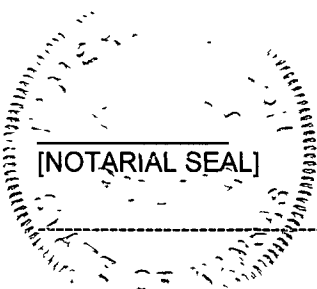
QUANTITY	UNIT	ITEM NUMBER	DESCRIPTION	PRICE
1.00	EA	008	MP 710895	12,000.00
1.00	EA	009	MP 710922	12,000.00
1.00	EA	010	MP 711117	12,000.00
1.00	EA	011	MP 711174	12,000.00
1.00	EA	012	MP 711289	12,000.00
1.00	EA	013	MP 711299	12,000.00
1.00	EA	014	MP 711433	12,000.00
1.00	EA	015	MP 712070	12,000.00
1.00	EA	016	MP 712110	12,000.00
1.00	EA	017	MP 712128	12,000.00
1.00	EA	018	MP 712277	12,000.00
1.00	EA	019	MP 715346	12,000.00
1.00	EA	006	CGW 7011	12,000.00
1.00	EA	007	MP 710837	12,000.00
1.00	EA	001	UP 21686	12,000.00
1.00	EA	020	MP 715379	12,000.00
1.00	EA	021	MP 715513	12,000.00
1.00	EA	022	MP 715616	12,000.00
1.00	EA	023	MP 715887	12,000.00
1.00	EA	004	UP 22715	12,000.00

ACKNOWLEDGEMENT

State of Kansas

County of Crawford

On this 28<sup>th</sup> day of January, 1997, before me, a Notary Public, personally appeared Charles R. Webb, President ~~and~~ \_\_\_\_\_ respectively of **WATCO, Inc.** who executed the foregoing instrument and acknowledged that said instrument was the free and voluntary act, for the uses and purposes therein mentioned



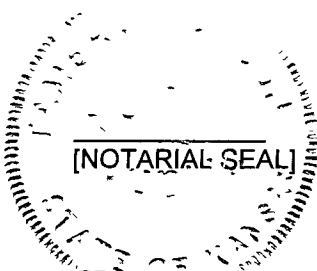
Jamera Hanson  
NOTARY PUBLIC  
My commission expires Nov. 12, 2000

ACKNOWLEDGEMENT

State of Kansas

County of Crawford

On this 28<sup>th</sup> day of January, 1997, before me, a Notary Public, personally appeared Donald D. Orender, Controller ~~and~~ \_\_\_\_\_ respectively of **Inman Services Company, Inc.** who executed the foregoing instrument and acknowledged that said instrument was the free and voluntary act, for the uses and purposes therein mentioned



Jamera Hanson  
NOTARY PUBLIC  
My commission expires Nov. 12, 2000

ACKNOWLEDGEMENT

State of Kansas

County of Crawford

On this 28<sup>th</sup> day of January, 1997, before me, a Notary Public, personally appeared Donald D. Orender, C.F.O. ~~and~~

respectively of **Titan Rail Services, Inc.** who executed the foregoing instrument and acknowledged that said instrument was the free and voluntary act, for the uses and purposes therein mentioned

Jamari Hanson

NOTARY PUBLIC

My commission expires Nov. 12, 2000

